**ECO Steering Group Meeting Minutes**

|  |  |
| --- | --- |
| **Date** | 10.30am to 12.30pm on **Friday 31st October 2014** (Room LG03-06 – 3 Whitehall Place). |
| **Attendees** | Charles Phillips (DECC – Chair), Catherine Birkbeck (DECC), Nick Troja (DECC), Will Broad (DECC), Chris Hunt (DECC), Rita Varsanii (DECC), Carolina Valsecchi (DECC), Shahzad Khan (DECC), Richard Mellish (DECC), Nina Higham (Aran Services), Urszula Thorpe (British Gas), Graham Weller (British Gas), John Fawcitt (Certinergy), Kirk Rogers (Climate Energy), Dave Nutt (EDF Energy), Sofia Gkiousou (Energy UK), Chris Viner (EON), Dave Wills (GAIN), David Macauley (Green Deal Consortia), Scott Green (Green Deal Energy Services), Jane Knight (Green Deal Network), Adrian Wright (Happy Energy), Marvin Patel (Infinity Energy), Andy Johnston (LGiU), Mike Threadgold (Mapei), Andrew Burke (National Housing Federation), Mike Easdon (NIA), Bob Jackson (Npower), Andrew Abraham (Ofgem), Kate Duffy (Ofgem), Zankhana Shah (Ofgem), Guy Newey (Ovo Energy), Claire Doherty (Scottish Power), Keith Armstrong (SSE), Glen Barber (SSE), Tobias Parker (Sustain) and Brendan Murphy (Gemserv) |
| **Next meeting** | 2-4pm on **Friday 28th November 2014** (Rooms A&B, Nobel House – DEFRA). |

1. **Actions from last meeting**

Two actions from previous meeting (held on 26/09/14). All answered (see Action section below). In summary:

* **Action 1**: Put ‘substantive look at Ratings’ on Agenda for the next SG meeting

**Answer:** Please see agenda item 5

* **Action 2:** DECC to confirm if ECO2 surplus actions would be scored under ‘9.1’ (sic).

**Answer:** Surplus actions relate to measures that will be carried over from ECO1 to ECO2. The legislation allows surplus actions to be scored using either 9.91 or 9.92. Excess actions refer to measures carried over from CERT/CESP to ECO1.

1. **DECC update**

An update was provided on the ECO Reporting Working Group:

* The aims of this group are to encourage more consistency and standardisation in the information that energy companies collect from the supply chain about ECO measures. It includes DECC, Ofgem, Essex Insulation, Energy UK and Happy Energy.
* New documents published by Ofgem in May include standardised reporting templates, a matrix showing which documents that energy companies require for each measure and when they require them and an agreed file naming convention.
* A number of key actions from the last meeting of the group on 8 October including Energy UK working with suppliers to seek, as far as possible, standardisation of notification templates by 1 April 2015.

Legislation update:

* ECO 1.2 and ECO 2 legislation to be debated together in Parliament in November and come into effect by the end of the year. SAP/RdSAP changes to be laid next week.

1. **Ofgem update**

Operational update:

* The scheme is currently 70% of the way through phases 1-3 and 100% of the aggregated HHCRO obligation has been approved, however progress of energy companies varies.
* Ofgem is carrying out a Hard-to-Treat Cavity (HTTC) review and they expect to have finalised and processed the first set of measures in early November with the rest being finalised in late November / early December. Following processing, measures will either be approved, reclassified, or rejected.
* Timetable for key closedown activities has been shared with obligated suppliers.

Development update:

* Key dates for the ECO 1.2 consultation were advised including Ofgem publishing a response to the consultation and final guidance in the first week of November.
* A new notification template has been circulated and will be effective from the morning of 7th November and this includes changes in anticipation of ECO 1.2.
* The ECO 2.1 consultation covers some of the HHCRO changes including non-gas fuelled premises and warranties for both boiler replacements and electric storage heater replacements. This consultation closes on 1 December. Ofgem encouraged Steering Group members to circulate this widely and respond.
* ECO 2.2 consultation which covers the remaining areas of ECO 2 will be launched in late November and will run for seven weeks. Final ECO 2 guidance will be published in March, incorporating ECO 2.1 guidance note.

1. **Brokerage operational review**

* Contents of the brokerage operations review were discussed. This was split into two parts.

1. Brokerage contract review.
2. Other brokerage operations review.

**Brokerage Contract review**

* DECC offered the opportunity for further final comments on the scope of the brokerage contract review to be provided by 5 November. In principle, new issues raised after the scope has been agreed, will not be considered as part of the next contract review. All brokerage members will be consulted, within the scope agreed.

**Other operations of brokerage review**

* Discussions / comments included:
  + The current commodities available are suitable and do not need to be spilt any further;
  + That the current lot sizes were suitable;
  + There needs to be consideration about, how best to identify and potentially strike-off bad sellers, trading under brokerage;
  + How standards could be improved under brokerage, which the SG agreed was a wider ECO issue.

1. **Ratings & extending access to brokerage**

* DECC asked the SG to consider whether a new ratings system was needed to introduce measure quality as a purchasing factor. DECC reiterated how the administration of the current quantitative ratings system is a complex process and could potentially result in rating errors.
* Discussions included how quality could be measured. Technical Monitoring (TM) was suggested as a quality measure. The idea of a voluntary agreement by which GDPs could put their TM results on the brokerage platform for energy suppliers to see was one suggestion put forward. Although, the SG acknowledged that TM is a tool for Ofgem to monitor the scoring method, rather than the quality of the installation. The SG acknowledged that an appropriate way to increase quality across the sector is to improve standards including PAS, and this is a wider ECO issue.

1. **Extending access to brokerage**

* To aid access for local authorities and registered social housing providers, in the New Year, DECC will be planning and developing brokerage awareness material to assist them in preparing for trading on brokerage.
* DECC will be monitoring the outcome of the new FCA requirements requiring GDPs to apply for full CCA permissions. Concerns were raised by some members that the new FCA requirements may mean that a number of GDPs won’t be able to meet them and this will have an impact on brokerage. DECC confirmed that existing GDPs will continue to have access to brokerage. New brokerage members will continue to require authorisation by the GD ORB. DECC will consider next year, the due diligence requirements for access to others.

1. **Future of ECO: 2017 and beyond**

DECC asked for feedback from the Steering Group on three topics that would were being considered about for the post 2017 period.

*How could the framework for monitoring and regulating installations be streamlined and made more robust, in order to improve installation standards for ECO measures?*

* One suggestion was for an industry wide accreditation body that sets the quality standards across the industry and has the ability to enforce it.
* The limitations of TM were discussed in the context of assessing the quality of installations. There was general agreement that TM is more for compliance monitoring and it shouldn’t be used for something it was not intended for ie monitoring installation quality for industry.
* Deemed scoring was mentioned as a way to simplify scoring and compliance.
* There was some feedback that suggested PAS 2030 is being abused by some installers (accreditation without training, people operating under accredited umbrella organisations) and the level of monitoring needs to be improved.
* While it was agreed that there is a role for Government to co-ordinate the improvement in quality across the industry, it was also acknowledged that the supply chain, their trade bodies and accreditation bodies had a key role in driving up standards. There was a conscious decision at the start of the ECO and the Green Deal for Government not to regulate the industry.
* One comment suggested that a standard checklist for installation quality, as was the case under Warm Front, would assist standardisation across the programme.

*Should we consider regulating to ensure smoother delivery profiles, or can this be achieved through other means? What suggestions (either way) does industry have to achieve a smooth delivery profile in a cost effective way?*

General feedback was that:

* It would be difficult to manage delivery if there were more (interim) targets; and
* There is a need for greater certainty earlier in the process when rules change across phases (on carryover rules).

There was insufficient time to discuss the third question which was:

*Is there a need to make ECO more customer-focused and if so, how could Government ensure and/or support this?*

1. **Any Other Business**

Green Deal Home Improvement Fund:

* DECC provided an update on the additional £100 million allocated for household energy efficiency including a new phase of the Green Deal Home Improvement Fund. The further release of funds was due to be available for applications by the end of November.
* Specifics of how the fund would operate were due to be announced in advance of applications opening.
* DECC would be contacting all customers who expressed an interest (but didn’t receive funding) in the previous phase to ensure they were aware of the new release.

**Actions**

|  |  |  |  |
| --- | --- | --- | --- |
| **Actions** | **Owner** | **Deadline** | **Status** |
| Members of the Steering Group have until Wednesday (5 November) to provide feedback to Rita regarding the brokerage contract review document | ALL MEMBERS | 05.11.14 | CLOSED |